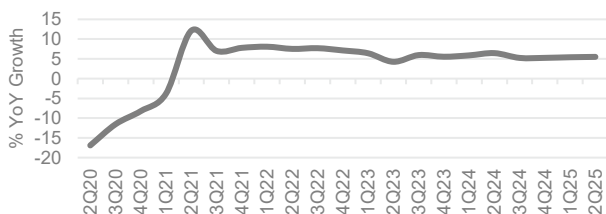




GENERAL PROPERTY

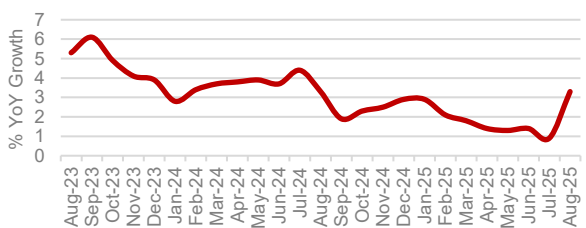
5.5% YoY

2Q 2025 Real GDP



3.3% YoY

Aug 2025 Headline Inflation



Source: Philippine Statistics Authority

□ The Philippine economy is expected to get a PHP 1.8 trillion boost from artificial intelligence (AI) technologies, as reported in Google and Public First's 2025 Economic Opportunity Report, with increased utilization of AI for work and upskilling, which could result in about a 7% increase in gross value added (GVA). The new technology brought about by AI, which can be considered a new growth engine, is seen to boost an average worker's productivity by PHP 110,000 a year and augment 37% of workers, thereby also boosting productivity and workers' wages by over 6%. However, to fully harness the economic potential of AI, the need to redesign the workflow of businesses and make the right infrastructure investments must be implemented. AI also has the ability to unlock entirely new services, products, or business models, representing untapped markets and revenue streams. Faster AI adoption in the

□ News article cited

country is driven by the young and mobile-first population, to which the country has an advantage given that the Philippines has a median age of 26.

[Read the original article](#)

➤ The labor market remains susceptible to policy and global economic risks, with younger demographics confronting slower growth and constrained opportunities. The integration of AI, however, presents an opportunity for net job creation, enhancing employment stability and generating new roles for digitally proficient talent. This trend is anticipated to positively influence the real estate sector, particularly in dynamic urban centers and emerging smart cities. The increased demand for a tech-savvy workforce in these areas is a key driver for both residential and commercial property markets, attracting younger professionals and stimulating real estate activity.

➤ C&W Philippines Research view

OFFICE

□ While the CREATE MORE Act currently requires registered business enterprises to implement WFH arrangements for up to 50% of their workforce while retaining their incentives, the Philippine Economic Zone Authority (PEZA) announced plans to exempt administrative roles from the current cap on work-from-home (WFH) arrangements within economic zones. The exemption will allow employees in non-sensitive positions, such as those in finance and administration, to work remotely, thereby effectively raising the WFH threshold beyond the current 50% limit. Meanwhile, production workers at manufacturing plants and contact center agents will still be subject to the WFH cap. The adjustment has notably been pre-approved by the Fiscal Incentives Review Board (FIRB),

which oversees the incentives granted to ecozone locators, and PEZA will soon release official guidelines, pending final input from the Information Technology and Business Process Association of the Philippines (IBPAP).

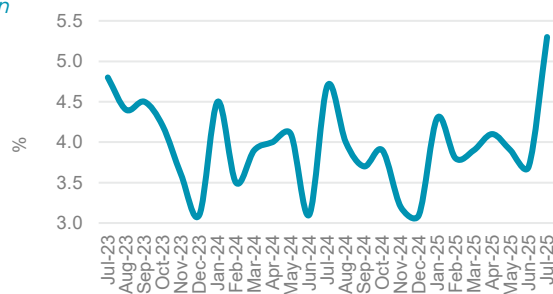
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➤ The BPO sector's capacity to attract multinational corporations is principally driven by its inherent cost efficiencies. While enterprises have historically outsourced to the Philippines to optimize labor expenditures and leverage a skilled talent pool, strategic space rationalization is emerging as a critical determinant in locational analysis. Proactive policy support is imperative to sustain these competitive advantages within the dynamic global outsourcing market.



5.3%

Jul 2025 Unemployment Rate



Source: Philippine Statistics Authority

□ News article cited

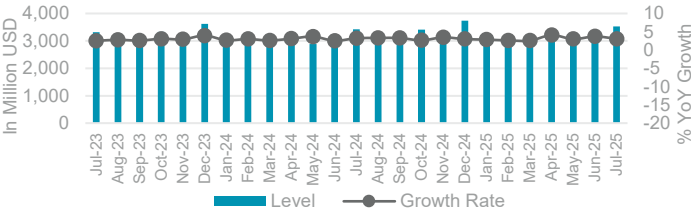
➤ C&W Philippines Research view



RESIDENTIAL

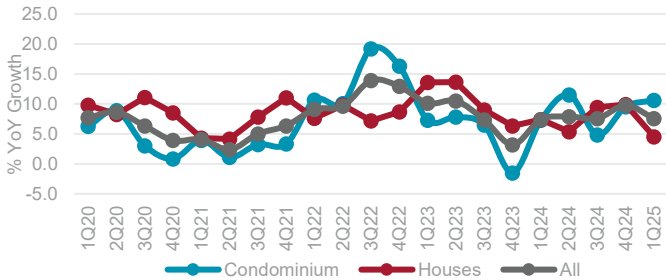
3.1% YoY

Jul 2025 OF Personal Remittances



7.6% YoY

1Q 2025 Residential Property Price Index (2019= 100)



Source: Bangko Sentral ng Pilipinas

News article cited

C&W Philippines Research view

In August, the Bangko Sentral ng Pilipinas (BSP) delivered a 25-bps key policy rate cut, marking its third downward adjustment in three consecutive meetings and eventually bringing down the benchmark interest rate to 5% from 5.25%, the lowest level since November 2022. Since the central bank started its easing cycle in August 2024, borrowing costs have been lowered by a total of 150 bps, while it also signaled one final monetary policy easing this year. In July, inflation declined to 0.9%, a nearly six-year low, which also brought the year-to-date inflation to 1.7%. Meanwhile, the economy slightly increased by 5.5% in Q2 2025, up from 5.4% in Q1 2025 but a downgrade from 6.5% growth in Q2 2024. The central bank noted inflationary pressures, which include potential electricity rate adjustments and increased rice tariffs, and although domestic demand will buoy growth, the impact of US policies on global trade and investment, which weighs

on global economic activity, may cloud the country's growth outlook. Also, Capital Economics noted that the economy may require further support as it could slow in the second half of 2025 due to tighter fiscal policy and weakened exports.

[Read the original article](#)

Despite the supportive low-interest rate environment, the mid-end residential rental market continues to face pressure from weak rental yields and persistent oversupply. These conditions have shifted market dynamics in favor of tenants, increasing their leverage in rental negotiations. While a gradual recovery in yields and growth factors for demand sources may present investment opportunities in the medium term as interest rates remain low and property prices adjust, new building launches must consider supply-demand alignment to mitigate risks of further saturation in key residential investment areas.

HOSPITALITY

The Philippine tourism sector continues to lag in terms of post-pandemic rebound, with tourism gross value still below the pre-pandemic level of PHP 2.51 trillion in 2019. In 2024, the industry contributed PHP 2.4 trillion to the economy, or around 8.9% of gross domestic product (GDP). Moreover, tourist arrivals in 2024 reached 5.9 million, far from the 8.3 million recorded before COVID-19. Unicapital Securities, Inc. attributes the sector's sluggish performance to more than just delayed travel recovery, citing infrastructure gaps that hinder a smooth and confident travel experience. The country also trails behind its regional peers in attracting tourists, with efforts to promote tourism seen as underpowered, further emphasizing the need for a stronger tourism brand, more tourist-friendly policies, and a

seamless travel experience. Meanwhile, the Philippine Institute for Development Studies remains cautiously optimistic, suggesting that pre-pandemic levels could be reached by 2026 in the absence of another major disruption, seeing growth opportunities in niche segments like ecotourism, cultural and culinary travel, wellness tourism, and cruises.

[Read the original article](#)

Aligning hotel investments with strategic tourism objectives, such as developing properties in underserved or high-potential zones, can diversify demand drivers and foster a more resilient market position. This approach enhances competitiveness and optimizes ROI as the sector recovers from prolonged underperformance.

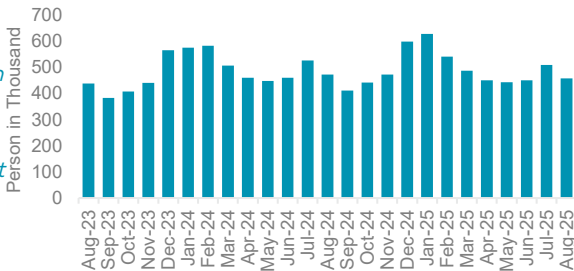
News article cited

C&W Philippines Research view



457.4TH Persons

Aug 2025 Visitor Arrivals



Source: Department of Tourism



-1.1% YoY

Jul 2025 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

INDUSTRIAL/LOGISTICS

□ In the first month of 2024, investment pledges approved by PEZA reached PHP 105.83 billion, an increase of 72% from PHP 61.69 billion during the same period last year. PEZA noted that investor confidence remains strong as they choose the country to grow their businesses. The investment agency stated that as these pledges materialize into actual investments, they could cover around 179 new and expansion projects—an increase of 9.82% from last year—of which 82 projects are in manufacturing, while others will be directed to information technology and business process management (IT-BPM), domestic operations, facilities, ecozone development, logistics, and utilities. In terms of investment location, Luzon will host 147 of these projects, while Visayas will

have 25 and Mindanao will have 7 projects, generating over 40,000 jobs and USD 3.38 billion in export revenues. The Cayman Islands led investments by nationality, covering around PHP 13.14 billion, followed by South Korea with PHP 10.76 billion, China with PHP 6.15 billion, the United States with PHP 3.28 billion, and the Netherlands with PHP 2.31 billion.

[Read the original article](#)

➤ *Given the pronounced interest from investors situated outside of highly volatile markets, such as the United States, investment promotion strategies focused on emerging investor markets are projected to sustain momentum and secure long-term capital commitments for manufacturing, logistics, and sustainable ecozone development.*

□ News article cited

➤ C&W Philippines Research view

RETAIL

□ The implementation of Ayala Land, Inc.'s (ALI) broader strategy to “reimagine” its mall offerings is currently being fast-tracked, with over PHP 12.7 billion investment to upgrade and develop three malls in Cebu, namely: Ayala Center Cebu, Ayala Malls Central Bloc in Cebu IT Park, and Ayala Malls Gateway in Mandaue. Aiming to capitalize on growing consumer demand in Central Visayas, the developments will target distinct market segments: Ayala Center Cebu serves luxury and lifestyle shoppers; Central Bloc caters to young professionals and the BPO workforce; and Gateway, which is a 17.5-hectare mixed-use estate set to open in late 2026, will feature entertainment zones, creative hubs, and a modern food hall. Ayala banks on Cebu's expanding urban population

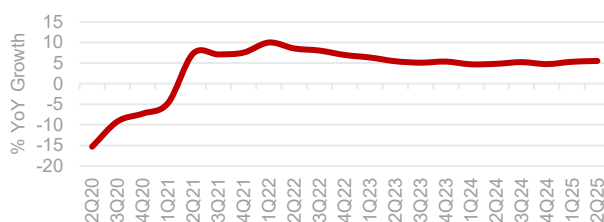
and rising middle class, which position it as a prime location for retail growth. Further, Ayala Malls continues to expand its footprint in the Visayas, with existing properties in Bacolod (Capitol Central) and Iloilo (Shops at Atria). Previously, the company announced a PHP 17.5-billion renovation program to add 700,000 sq.m. of new leasable space over the next five years, reinforcing its role as a key driver of local economies. [Read the original article](#)

➤ *Optimizing tenant mix and targeting specific consumer demographics through strategic redevelopment is crucial for enhancing property value and competitiveness. This method is vital for maximizing return on investment and sustaining demand, especially given the retail sector's recovery is concentrated in prime commercial locations.*



5.5 % YoY

2Q 2025 Real Household Spending



Source: Philippine Statistics Authority

□ News article cited

➤ C&W Philippines Research view



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